

How Much Will Healthcare Cost in Retirement?

The amount you pay will depend on various factors, including the type of Medicare plan you choose, your health, your income, and where you live.

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One of the most important steps in retirement planning is determining how much it will cost. However, this can be a challenge when the price tag of one of the biggest items in your budget could be anywhere between \$700,000 and \$1.4 million over the course of your retirement.

That is the range of lifetime retirement healthcare expenses for a 65-year-old couple retiring in 2026 (each spouse having one chronic health condition), according to the [HealthView Services 2026 Retirement Healthcare Costs Data Report](#) [link downloads a PDF]. The range is so wide because the cost depends on many factors, including zip code, income, current health status, and future health-related developments. And to add insult to the cost of injury, those estimates don't include the potential price tag of long-term care.

Healthcare is unique among your retirement expenses for three reasons.

1. First, it may be the expense that will go up the most when you retire (well, except for the cost of that new RV).
2. Second, most expenses stay flat or even decline over the course of a retirement. The biggest exception is healthcare. As we age, we need more healthcare, and it keeps getting more expensive. HealthView Services projects a long-term healthcare inflation rate of 5.8%.
3. And third, healthcare will likely be the most unpredictable expense you'll have in retirement. The amount you'll spend on housing, food,

transportation, and entertainment will be within somewhat narrow ranges that are largely within your control. Healthcare costs, however, will vary depending on the government, the healthcare industrial complex, and -- most importantly -- whatever maladies afflict you over the rest of your life.

Given the potential impact healthcare costs can have on your retirement security, it's crucial to know how to estimate them. Here's how.

Consider Current Cost Projections

Several research firms have done the heavy lifting and estimated how much healthcare will cost in retirement. Their figures are excellent starting points. Fidelity's [2025 Retiree Health Care Cost Estimate](#) (the firm's 24th annual edition) estimates that a single 65-year-old retiring in 2025 will need approximately \$172,500 in after-tax savings to cover healthcare expenses throughout retirement. That's up more than 4% from the prior year's estimate of \$165,000 -- and more than double Fidelity's inaugural estimate of \$80,000 in 2002. The firm estimates that a healthy 65-year-old couple will spend about \$12,850 on healthcare in their first year of retirement.

In a [March 2026 report](#) [link downloads a PDF] analyzing 2025 data, the Employee Benefit Research Institute (EBRI) estimated how much 65-year-olds enrolled in Medigap Plan G need to have saved. EBRI's model reflects the Inflation Reduction Act's \$2,000 annual cap on Part D out-of-pocket drug spending, which took effect in 2025.

Savings Needed for Healthcare Costs at Age 65

Chance of Having Enough Savings	50% Probability	75% Probability	90% Probability
Woman, median drug expenses	\$146,000	\$202,000	\$252,000

Chance of Having Enough Savings	50% Probability	75% Probability	90% Probability
Man, median drug expenses	\$120,000	\$174,000	\$212,000
Couple, median drug expenses	\$267,000	\$339,000	\$405,000

Source: EBRI Issue Brief No. 653, March 2026.

EBRI also found that enrollees in Medicare Advantage plans generally face lower savings targets. A man with median drug expenses needs \$61,000 (50% probability) to \$106,000 (90%), while a woman needs \$74,000 to \$125,000. Couples need \$135,000 to \$203,000.

However, Medicare Advantage plans often have limited provider networks and may require preauthorization for certain services.

Finally, let's check in with **T. Rowe Price** ([NASDAQ: TROW](#)), which published a [report](#) last year on how much retirees spend annually on healthcare, including premiums and out-of-pocket costs.

Total Annual Healthcare Spending by Retirees, 2024 Dollars

	Traditional Medicare + Part D	Medicare Advantage With Drug Plan	Traditional Medicare + Part D + Medigap
Median	\$4,300	\$4,400	\$6,400

	Traditional Medicare + Part D	Medicare Advantage With Drug Plan	Traditional Medicare + Part D + Medigap
90th percentile	\$9,100	\$8,800	\$10,900
95th percentile	\$11,200	\$10,700	\$13,100

In a separate [report](#) [link downloads a PDF], T. Rowe Price found that 73% to 81% of the annual cost of healthcare is due to premiums, which are *somewhat* predictable. Out-of-pocket expenses are what drive most of the variability from one year to the next.

Customize for Your Circumstances

As the range of estimates above suggests, it's challenging to determine an exact number for your healthcare costs in retirement. However, you can narrow down the range based on several factors.

Your Health

Your current health status is one of the most significant variables. The conditions most associated with higher medical costs in retirement include hypertension, hyperlipidemia (high cholesterol), rheumatoid arthritis and osteoarthritis, heart disease, diabetes, chronic kidney disease, depression, Alzheimer's disease and related dementia, chronic obstructive pulmonary disease (COPD), cancer (colorectal, breast, prostate, lung), asthma, and osteoporosis.

Tobacco use, frequency of doctor visits, and the presence of two or more chronic conditions also push retirees into the highest-cost categories.

Where You Live

Not all Medigap and Medicare Advantage plans are offered everywhere or at the same price. Costs can vary 20% or more from state to state. To see which plans are available in your area, visit [Medicare.gov](https://www.medicare.gov). Use sites

like [BestPlaces](#) and [Numbeo](#) to compare the overall cost of living -- medical and otherwise -- in the location(s) in which you plan to spend your golden years.

When You Sign Up

Generally speaking, you must enroll in Medicare when you're eligible. If you delay, you may pay penalties...for the rest of your life. To learn more about these late-enrollment penalties, visit the [Medicare website](#) and see how they vary for Part A, Part B, and Part D.

If you or your spouse are still working and covered by an employer's health insurance beyond age 65, you may be able to delay enrolling in Medicare without penalties, depending on the size of the company and other factors. AARP has a [helpful article](#) on this topic. That said, you still may want to sign up for Medicare and coordinate coverage with your employer's plan.

Benefits From Former Employers

Fewer companies offer retiree healthcare as a benefit with each passing year. But some government agencies, large employers, and unions still provide some postwork medical perks. Maximize that benefit if you're among the lucky minority.

Your Income and the IRMAA Surcharge

If your modified adjusted gross income (MAGI) -- your AGI plus tax-exempt interest -- exceeds certain thresholds, you'll pay a higher monthly premium for Medicare Parts B and D. This Income-Related Monthly Adjustment Amount (IRMAA) is based on your tax return from two years prior. The table below shows the 2026 IRMAA brackets, which are based on 2024 tax returns.

2026 Medicare Part B and Part D IRMAA Brackets

Single Filers	Married Joint Filers	Part B Premium	Part D IRMAA
\$109,000 or Less	\$218,000 or Less	\$202.90	\$0 + your plan premium
\$109,001 to \$137,000	\$218,001 to \$274,000	\$284.10	\$14.50 + your plan premium

Single Filers	Married Joint Filers	Part B Premium	Part D IRMAA
\$137,001 to \$171,000	\$274,001 to \$342,000	\$405.80	\$37.50 + your plan premium
\$171,001 to \$205,000	\$342,001 to \$410,000	\$527.50	\$60.40 + your plan premium
\$205,001 to \$499,999	\$410,001 to \$749,999	\$649.20	\$83.30 + your plan premium
\$500,000 or higher	\$750,000 or Higher	\$689.90	\$91.50 + your plan premium

Key planning insight: Roth conversions, capital gains, and other taxable events can directly affect your Medicare premiums two years hence. If you've experienced a qualifying life-changing event (retirement, marriage, divorce, death of a spouse), you can file [SSA Form SSA-44](#) to request a premium reduction based on more current income.

The Foolish Bottom Line

To get an idea of how much healthcare might cost you in retirement, use these online tools:

- [Vanguard Health Care Cost Estimator](#)
- [Mercer Retiree Health Cost Estimator](#)
- [Kaiser Health Insurance Marketplace Calculator](#) (if buying insurance before age 65)

Choosing the right Medicare policy for you is crucial. When the time comes for you to make that decision, consider getting assistance from [Medicare.gov](#), the [State Health Insurance Assistance Programs](#), or professionals such as a financial planner or Medicare specialist.

Healthcare remains the single largest wild card in retirement planning. The good news is that with proper planning, you can take meaningful steps to manage these costs: Enroll in the right Medicare and supplemental coverage for your situation, take advantage of health savings accounts (HSAs) if available to you, manage your income strategically to minimize or avoid IRMAA surcharges, and stay healthy as long as you can -- which is good advice regardless of the financial implications.

Related Reading

- [Key Personal Finance Numbers for 2026](#)
- [Invest in Your Health, Boost Your Wealth](#)
- [FAQ: How Can I Prepare for Long-Term Care?](#)
- [The Average Social Security Benefit at Ages 62 to 70](#)